

FY 2011 General Fund Budget Projection

ISSUE

This **Issue Review** provides an overall summary of Iowa's General Fund budget. This **Issue Review** provides projections for the FY 2010 and FY 2011 budgets based on the October 7, 2009, Revenue Estimating Conference's (REC) revenue estimate. The projection also includes the impact of the Governor's 10.0% across-the-board reduction to FY 2010 General Fund appropriations and the Legislative Services Agency's (LSA) most recent estimates of Built-in and Anticipated Expenditures for FY 2011.

STATUS OF FY 2010 BUDGET

At the end of the 2009 Legislative Session, the General Assembly appropriated a total of \$5.768 billion from the General Fund for FY 2010, a decrease of \$192.6 million (3.2%) compared to the estimated FY 2009 General Fund appropriations. However, the reductions were offset by federal stimulus funding. At the time the budget was enacted, the State had planned to receive federal stimulus funding of \$150.0 million in FY 2009 and \$529.3 million in FY 2010, most of which was used to fund recurring costs of General Fund programs and operations. When the federal stimulus funds are factored into the General Fund appropriations, overall funding in FY 2010 increased by \$186.7 million (3.1%).

| (Dollars in Millions) | | | | |
|-----------------------------|-------------------|-------------------|-----------------|-------------------|
| | Est. FY 2009 | Est. FY 2010 | Change | Percent Change |
| General Fund Appropriations | \$ 5,960.9 | \$ 5,768.3 | \$ - 192.6 | -3.2% |
| Federal Stimulus Funds | | | | |
| Medicaid | 110.0 | 144.9 | 34.9 | |
| Education Stabilization | 40.0 | 321.0 | 281.0 | |
| Government Stabilization | 0.0 | 63.4 | 63.4 | |
| Total Stimulus | <u>150.0</u> | <u>529.3</u> | <u>379.3</u> | |
| Total Gen. Fund & Stimulus | <u>\$ 6,110.9</u> | <u>\$ 6,297.6</u> | <u>\$ 186.7</u> | <u>3.1%</u> |

The General Assembly enacted a balanced budget for FY 2010 that left an estimated surplus in the General Fund of \$97.6 million. The REC met on October 7, 2009, and revised the FY 2010 net General Fund revenue estimate downward by \$415.4 million (7.1%) compared to the estimate that was used to balance the FY 2010 budget. This resulted in a projected deficit of \$317.8 million.

On October 8, 2009, Governor Culver issued Executive Order 19 requiring a 10.0% across-the-board reduction to all FY 2010 General Fund appropriations, cutting \$564.4 million from the budget. In the weeks following, the Legislative and Judicial Branches announced reductions to

their FY 2010 budgets of 10.0% and 7.1%, respectively. This resulted in reductions of \$3.3 million to the Legislative Branch budget and \$11.4 million to the Judicial Branch. The reductions to all three branches of government reduced General Fund appropriations by a total of \$579.1 million. As a result, the current General Fund surplus for FY 2010 is estimated at \$204.5 million. The surplus is subject to change as the General Assembly may decide to restore funding to some State programs during the 2010 Legislative Session. In addition, the REC may revise the FY 2010 revenue estimate. The following table summarizes the changes to date to the FY 2010 budget.

| FY 2010 General Fund Budget | | | |
|--|----------------|----------------------------|-----------------------------|
| (Dollars in Millions) | | | |
| | <u>Enacted</u> | <u>Oct. 7 Estimate</u> | <u>Current Estimate</u> |
| Funds Available: | | | |
| Estimated Receipts | \$ 5,853.4 | \$ 5,438.0 | \$ 5,438.0 |
| Appropriations and Expenditures: | | | |
| Appropriations | 5,768.3 | 5,768.3 | 5,768.3 |
| Statutory Repayment to Econ. Emerg. Fund | | | 45.3 |
| 10.0%/7.1% Reductions (All Branches) | | | - 579.1 |
| Total Appropriations | <u>5,768.3</u> | <u>5,768.3</u> | <u>5,234.5</u> |
| Reversions | - 12.5 | - 12.5 | - 1.0 |
| Net Appropriations | <u>5,755.8</u> | <u>5,755.8</u> | <u>5,233.5</u> |
| Ending Balance - Surplus | <u>\$ 97.6</u> | <u>\$ - 317.8</u> | <u>\$ 204.5</u> |

FISCAL CONDITION OF STATES -- NATIONAL DATA

According to the National Association of State Budget Officers (NASBO), states are facing one of the worst fiscal periods since the Great Depression. The decline in fiscal conditions of the states began in FY 2009 and the trend will continue through FY 2012. The national recession has significantly reduced tax revenues from all revenue sources during FY 2009 and revenue collections are projected to decline further in FY 2010. Enactment of the American Recovery and Reinvestment Act of 2009 (ARRA) provided approximately \$135.0 billion to help states avoid deeper cuts to government services. Below is a summary of the findings:

- FY 2009 general fund expenditures declined 4.8% compared to FY 2008. Enacted general fund budgets for FY 2010 show a decrease of 4.0% compared to FY 2009.
- 42 states reduced enacted budgets in FY 2009 by \$31.2 billion.
- 35 states enacted FY 2010 budgets with general fund expenditures below FY 2009.
- States enacted revenue increases totaling of \$31.5 billion for FY 2010.
- For FY 2010, revenues from all sources exceed expectations in five states, are on target in 11 states, and are below expectations in 30 states.

Data released in July 2009 by the National Conference of State Legislatures (NCSL) reported that as early as November 2008, 26 states forecasted an FY 2010 budget gap. By late spring 2009, 46 of the 50 states and Puerto Rico reported budget gaps prior to the enactment of the FY 2010 budget. California anticipated a 36.0% (\$40.0 billion) budget gap and Arizona

anticipated a 29.7% (\$31.6 billion) gap. The average FY 2010 budget gap expected prior to budget enactment was 16.9%. The data lists Iowa's FY 2010 budget gap prior to enactment to be 11.5%, which is below the national average. Thirty-two states were reporting greater budget gaps than Iowa. By enacting their FY 2010 budgets, most states closed their gaps. However, recent data collected by NCSL indicates that gaps have opened in 31 states, including Iowa, since the beginning of FY 2010. Iowa's FY 2010 budget gap has since been closed as a result of the Governor's 10.0% across-the-board reduction. Additional information can be found at the following websites: <http://www.nasbo.org> and <http://www.ncsl.org>.

FY 2011 BUDGET PROJECTION

In order to assess the condition of the General Fund for FY 2011, basic assumptions about the budget are required. Using these assumptions along with requirements of current law, a projection of the budget can be provided. The budget projection is intended to provide a framework to begin identifying legislative actions that will be needed to close the projected budget gap for FY 2011. The following are key assumptions associated with the FY 2011 estimates.

Assumptions

- For purposes of arriving at an estimate for FY 2011, the LSA uses the most recent REC estimate of net General Fund receipts. For this report, the FY 2011 net revenue estimate from the October 7, 2009, REC meeting is used. The REC estimate is based on tax laws and other revenue policies in place at the time the estimate was made.
- For estimating expenditures, the FY 2010 appropriation level, after the 10.0% reduction, is used as the baseline estimate for FY 2011. This estimate is \$5.235 billion and assumes that agencies and programs will maintain the 10.0% reduction in their FY 2011 budgets.
- Expenditures for FY 2011 were analyzed to account for the automatic increases over and above the baseline estimate of \$5.235 billion that will occur under current law. Also examined were the significant anticipated expenditure increases that will be experienced by State agencies due to a variety of factors including the loss of one-time federal stimulus funds. These built-in and anticipated expenditure increases are estimated at \$1.232 billion for FY 2011. For certain built-in expenditures, the 10.0% across-the-board reduction is automatically restored through current statute. This estimate also assumes the State will use the remaining federal stimulus funds, estimated at \$141.0 million, to offset appropriation increases.
- The estimate assumes no supplemental appropriations will be funded in FY 2010 and assumes a General Fund surplus of \$204.5 million for FY 2010. Any supplemental appropriations that are funded will reduce the FY 2010 surplus, thus reducing the funds transferred to the Senior Living Trust Fund and the Cash Reserve Fund for FY 2011.
- Reversions are estimated to total \$12.5 million. Reversions are unspent appropriated funds that remain at the end of the fiscal year.
- Based on the October REC net revenue estimate for FY 2011, the statutory maximum balance in the Cash Reserve Fund and Economic Emergency Fund will be \$406.2 million and \$135.4 million, respectively. It is assumed that \$156.3 million will be transferred to the Cash Reserve Fund from the FY 2010 surplus. This transfer is \$33.7 million more than is

necessary to fully fund both reserve funds. The \$33.7 million excess will be transferred to the General Fund and is available for appropriation in FY 2011.

- The expenditure limitation for FY 2011 is estimated to be \$5.396 billion. This represents 99.0% of the REC net revenue estimate (\$5.416 billion) and 100.0% of the \$33.7 million transferred from the Economic Emergency Fund.

FY 2011 Projected Budget Gap

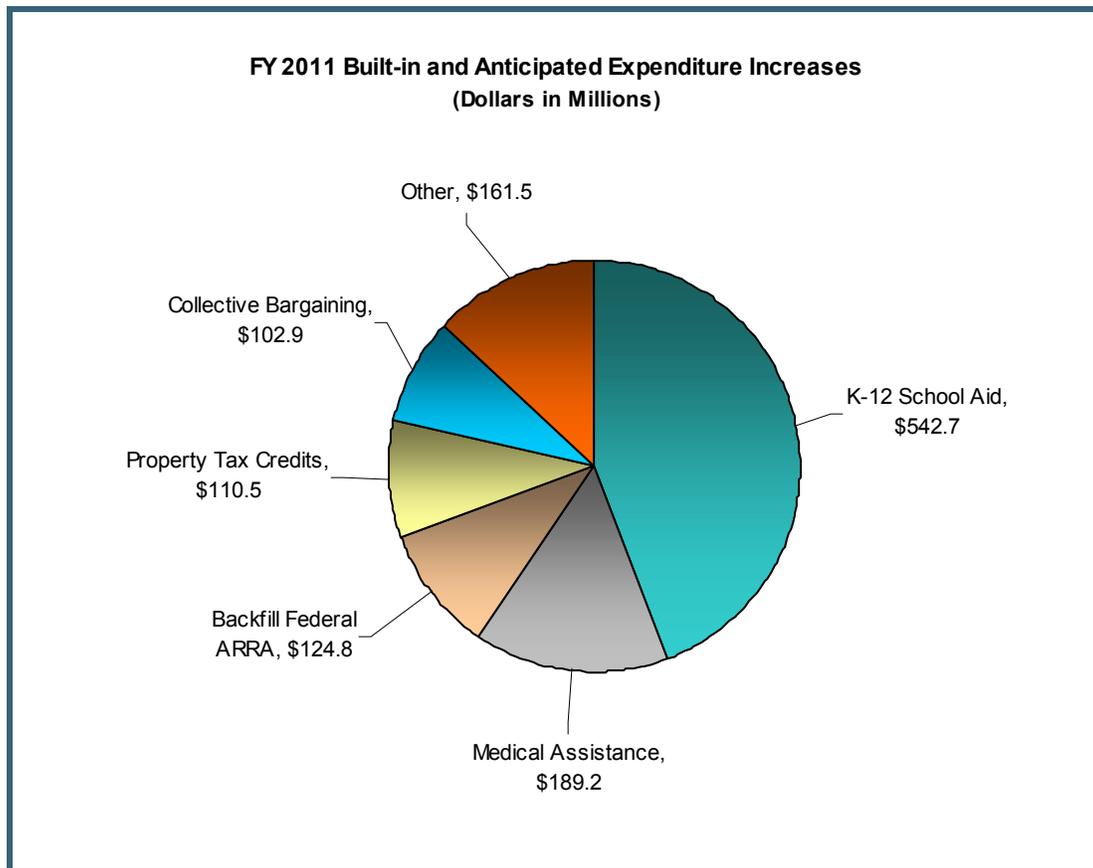
Based on the above assumptions, the FY 2011 appropriations are projected to exceed the expenditure limitation by \$1.070 billion. The expenditure limitation is estimated at \$5.396 billion and appropriations are estimated to total \$6.466 billion. **It is important to note that this estimate will change as revenue and expenditure estimates are updated between now and the beginning of the 2010 Legislative Session. The REC will be meeting on December 11, 2009, to review the FY 2010 and FY 2011 revenue estimates.** The following table summarizes the projected condition of the General Fund.

| Projected Condition of the General Fund | | |
|--|----------------------|----------------------|
| (Dollars in Millions) | | |
| | Estimated FY 2010 | Projected FY 2011 |
| Funds Available: | | |
| Estimated Receipts | \$ 5,438.0 | \$ 5,416.3 |
| Economic Emergency Fund Balance Transfer | | 33.7 |
| Total Funds Available | <u>5,438.0</u> | <u>5,450.0</u> |
| Expenditure Limitation | | 5,395.8 |
| Appropriations and Expenditures: | | |
| Appropriations | 5,768.3 | 5,234.5 |
| Statutory Repayment to Econ. Emerg. Fund | 45.3 | |
| 10.0%/7.1% Reductions (All Branches) | - 579.1 | |
| Built-in and Anticipated Increases | | 1,231.6 |
| Total Before Balance Adjustment | 5,234.5 | 6,466.1 |
| Adjustment to Balance Budget | | - 1,070.3 |
| Total Appropriations | 5,234.5 | 5,395.8 |
| Reversions | - 1.0 | - 12.5 |
| Net Appropriations | <u>5,233.5</u> | <u>5,383.3</u> |
| Ending Balance - Surplus | <u>\$ 204.5</u> | <u>\$ 66.7</u> |

SIGNIFICANT FY 2011 ESTIMATED APPROPRIATION INCREASES

The net built-in and anticipated expenditures for FY 2011 are currently estimated at \$1.232 billion. This represents an increase of 23.5% compared to the FY 2010 appropriation level of \$5.235 billion. Of the total estimated increases, 87.0% are related to five budget areas: State aid for K-12 education, Medicaid, replacement of federal ARRA funds for operational purposes, replacement of funding for property tax credits, and collective bargaining. All other projected increases make up the remaining 13.0%. The following table summarizes the estimated expenditures for FY 2011. **Appendix A** provides a more extensive list of the built-in and anticipated expenditures.

| | <u>Total</u> | <u>% of Total</u> |
|-----------------------|-------------------|-------------------|
| K-12 School Aid | \$ 542.7 | 44.1% |
| Medical Assistance | 189.2 | 15.4% |
| Backfill Federal ARRA | 124.8 | 10.1% |
| Property Tax Credits | 110.5 | 9.0% |
| Collective Bargaining | 102.9 | 8.4% |
| Other | 161.5 | 13.0% |
| Total | \$ 1,231.6 | 100.0% |

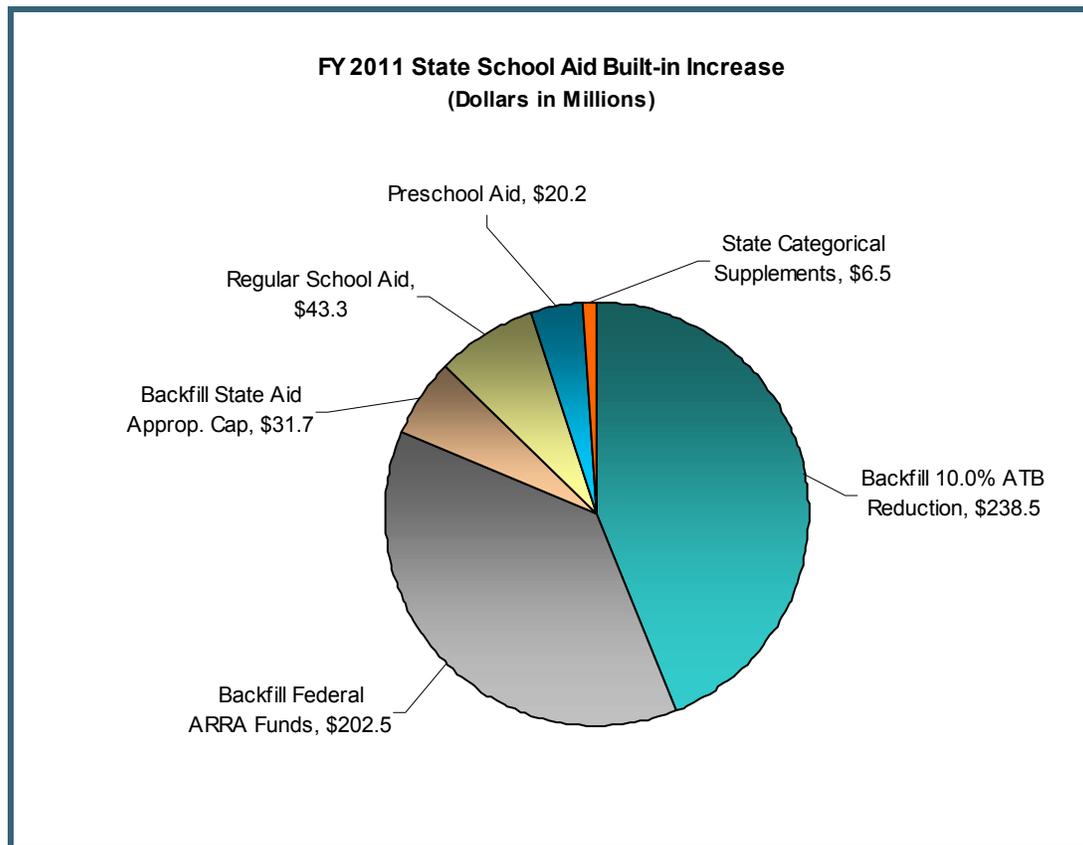


State Aid for K-12 Education: The single largest estimated appropriation increase for FY 2011 is State aid to schools. The State aid appropriation is estimated to total \$2.681 billion, an increase of \$542.7 million compared to the FY 2010 General Fund appropriation. Because reductions to State aid made in FY 2009 and FY 2010 did not reduce the State or district cost per pupil, the reductions are restored through the school aid formula for FY 2011. In addition to the restored funds, the \$542.7 million increase also includes a 2.0% allowable growth rate established in SF 218 (FY 2011 Allowable Growth Act). The reductions to the FY 2010 school aid appropriation that are restored for FY 2011 include:

- A reduction of \$238.5 million for the 10.0% across-the-board reduction to the FY 2010 appropriation.
- A reduction of \$202.5 million to the FY 2010 appropriation made during the 2009 Legislative Session. The General Assembly replaced the reduction with one-time funding from the federal ARRA stimulus funds.
- A reduction of \$31.7 million to the FY 2010 appropriation to partially maintain an FY 2009 1.5% across-the-board reduction.

The following table summarizes the FY 2011 State aid estimate. For additional information on school aid funding see the LSA's *Issue Review* entitled: "School Aid Funding for FY 2010 and FY 2011." <http://www.legis.state.ia.us/Isadocs/IssReview/2010/IRSL002.PDF>

| FY 2011 School Aid Estimate | |
|--|------------|
| (Dollars in millions) | |
| | FY 2011 |
| FY 2010 General Fund Base Appropriation | \$ 2,146.4 |
| FY 2011 Built-in Increase Components | |
| FY 2010 10.0% ATB Reduction - Backfill | 238.5 |
| Federal ARRA - Backfill | 202.5 |
| Appropriation Cap - Backfill | 31.7 |
| Regular School Aid | 43.3 |
| Preschool Aid | 20.2 |
| State Categorical Supplements | 6.5 |
| Total Built-in Increase | 542.7 |
| Total Estimated School Aid Appropriation | \$ 2,689.1 |



Medicaid: The General Fund appropriation for Medicaid is estimated to increase \$189.2 million in FY 2011 compared to FY 2010. Several assumptions make up this estimate:

- Assumes an FY 2011 General Fund base appropriation of \$610.1 million. This is equivalent to the FY 2010 Medicaid appropriation less the 10.0% across-the-board reduction.
- Assumes funding from the Senior Living Trust Fund will total \$37.7 million, an increase of \$20.0 million compared to FY 2010. This estimate also assumes that the SLTF will receive an appropriation from the FY 2010 General Fund surplus of \$48.2 million as required under Iowa Code Section 8.57.
- Assumes an appropriation of \$111.8 million will be made from the Health Care Trust Fund for Medicaid, an increase of \$11.2 million compared to FY 2010.
- Assumes the overall need for Medicaid services will total \$1.050 billion in FY 2011. This is an increase of \$73.2 million (7.5%) compared to the FY 2010 need. Included in this estimate is the assumption that the Governor's proposed reductions of \$28.1 million to certain Medicaid services and costs in FY 2010 will be maintained in FY 2011.
- Assumes Iowa will receive \$93.0 million in federal ARRA stimulus funds in FY 2011. This is a decrease of \$123.2 million compared to the estimated federal stimulus funds being

received in FY 2010. This estimate also assumes that Iowa will meet the Tier 2 FMAP unemployment criteria.¹

- Assumes a decrease in other revenue sources totaling \$24.0 million.

| FY 2011 Medicaid Estimate | |
|---|----------|
| (Dollars in millions) | |
| | FY 2011 |
| FY 2010 General Fund Base Appropriation | \$ 610.1 |
| FY 2011 Built-in Increases | |
| Net Loss of Federal ARRA Funds | 123.2 |
| Increased Need/Enrollment Costs | 73.2 |
| Decrease in Other Revenue Sources | 24.0 |
| Offsetting Revenue Increases | |
| Senior Living Trust Fund | -20.0 |
| Health Care Trust Fund | -11.2 |
| Total Built-in Increase | 189.2 |
| Estimated Medicaid Appropriation | \$ 799.3 |

Property Tax Credits: The Iowa Code requires funding for the Homestead Tax Credit, Ag Land and Family Farm Tax Credit, Elderly and Disabled Tax Credit, and the Military Service Tax Credit to be appropriated from the General Fund. For FY 2010, the Code provisions were notwithstanding and the four tax credits were funded at \$159.9 million with the following sources:

- \$101.4 million from the General Fund (reduced to \$91.3 million after the 10.0% across-the-board reduction)
- \$54.7 million from the Cash Reserve Fund
- \$3.8 million from the balance in the Property Tax Credit Fund

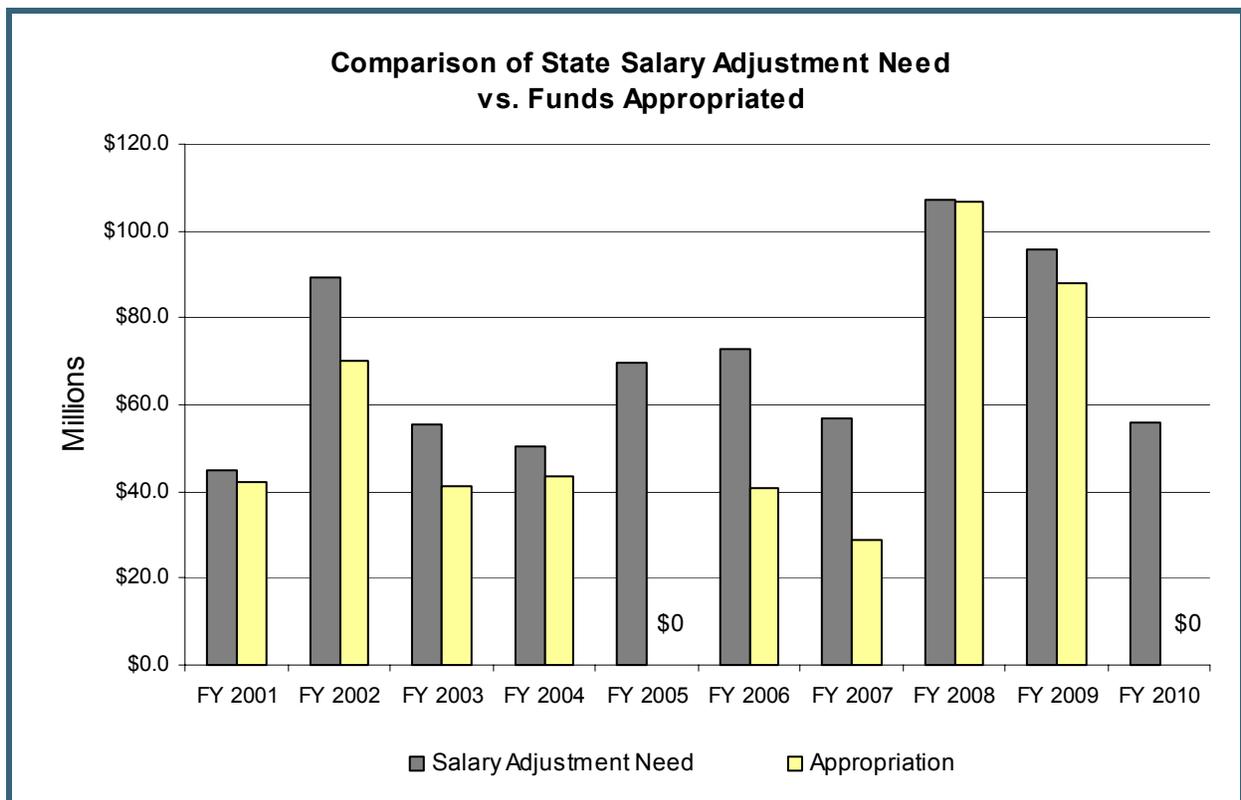
The cost to fully fund the tax credits under current law in FY 2011 is an estimated \$201.1 million. To fund the tax credits at this level would require a built-in General Fund increase of \$109.7 million. Since FY 2003, annual funding has totaled approximately \$159.9 million for these tax credits. If funding is maintained at the historical level of \$159.9 million, the estimated FY 2011 increase can be reduced by \$41.2 million to \$68.5 million.

Collective Bargaining Agreement: Funding for the second year of the collective bargaining agreement will cost the General Fund an estimated \$102.9 million in FY 2011. This includes \$56.9 million for all State agencies other than Regents institutions and \$46.0 million for the Regents. This estimate is expected to change due to the layoffs being implemented in FY 2010. At this time there is not sufficient information to update the FY 2011 salary adjustment estimate. While the collective bargaining agreement is an obligation of State agencies, the General Assembly may or may not appropriate additional funds to cover the increased salary costs. If

¹ Iowa's Federal Medicaid Assistance Percentage (FMAP) rate will be set at the Tier 2 funding level if Iowa's unemployment rate is at or above 6.2% and less than 7.2% for the three-month period of April, May, and June of 2010.

an appropriation is not made, State agencies will need to find cost savings in their FY 2011 budgets to fund the increases.

The following chart compares the estimated cost associated with the identified salary adjustment need (amount needed to fund the collective bargaining agreement) and the amount that was appropriated for salary adjustment for the last ten years. The chart illustrates that the funds appropriated for salary increases are rarely enough to fully fund the salary increases. On average, the appropriations for salary increases over this ten-year period have funded approximately 66.0% of the salary increases that State agencies are required to fund.



Backfilling FY 2010 Federal Stimulus Funds: The current estimate for FY 2010 of federal ARRA stimulus funds that are being received by the State total \$592.0 million. Approximately \$21.0 million of this amount is considered funding for one-time costs. The remaining \$571.0 million is being used for costs related to ongoing programs and operations. The following table shows the stimulus dollars that were used in place of standing appropriations and those used in place of operating appropriations.²

| FY 2010 Federal Stimulus Funds | |
|---------------------------------------|-----------------|
| (Dollars in Millions) | |
| Recurring Costs | |
| Standing/Entitlement Appropriations | |
| K-12 School Aid | \$ 202.5 |
| Medical Assistance | 216.2 |
| Instructional Support | 13.1 |
| Mental Health Prop. Tax | 10.5 |
| Children's Health Ins. | 3.9 |
| Total | <u>446.2</u> |
| Operating Appropriations | |
| Board of Regents | 80.3 |
| Community Colleges | 25.6 |
| Corrections | 14.0 |
| Other | 4.9 |
| Total | <u>124.8</u> |
| Total Recurring Costs | <u>571.0</u> |
| Nonrecurring Costs (One-time) | |
| Risk Pool Property Tax | 10.0 |
| Highway Improvements | 5.6 |
| Other | 5.4 |
| Total Nonrecurring Costs | <u>21.0</u> |
| Total Federal Stimulus | <u>\$ 592.0</u> |

The replacement of \$446.2 million in federal stimulus funds for FY 2011 is incorporated in the built-in estimates for the standing appropriations. The Iowa Code restores funding for these programs automatically. The replacement of \$124.8 million of stimulus funds used for operating programs is included in the anticipated increases total for FY 2011. These funds will need to be replaced to bring the agencies' funding back to the FY 2010 level less the 10.0% across-the-board reduction.

² Standing appropriations are established by Iowa Code and the funding is automatically implemented each year unless the General Assembly enacts legislation that changes or notwithstanding the appropriation. A standing appropriation can be a specific dollar amount (standing limited) or be unspecified and based on a formula or other criteria (standing unlimited).

RESERVE FUNDS

The combined ending balance in the Cash Reserve Fund and the Economic Emergency Fund is estimated to be \$419.0 million for FY 2010. This includes the \$45.3 million General Fund appropriation to the Economic Emergency Fund in FY 2010 in accordance with Iowa Code Section 8.55(3)(d). This appropriation is currently required to reimburse the Economic Emergency Fund for the FY 2009 transfer to the General Fund that was needed to balance the FY 2009 General Fund budget.

Assuming the Cash Reserve Fund receives \$156.3 million from the FY 2010 General Fund surplus, the FY 2011 balances in both the Cash Reserve Fund and Economic Emergency Fund will reach their statutory goal of \$541.6 million and there will be an excess of \$33.7 million that will be transferred to the General Fund. This assumes the General Assembly does not fund any supplemental appropriations in FY 2010. The statutory goal calculations for FY 2011 were based on the October REC estimate of \$5.416 billion.

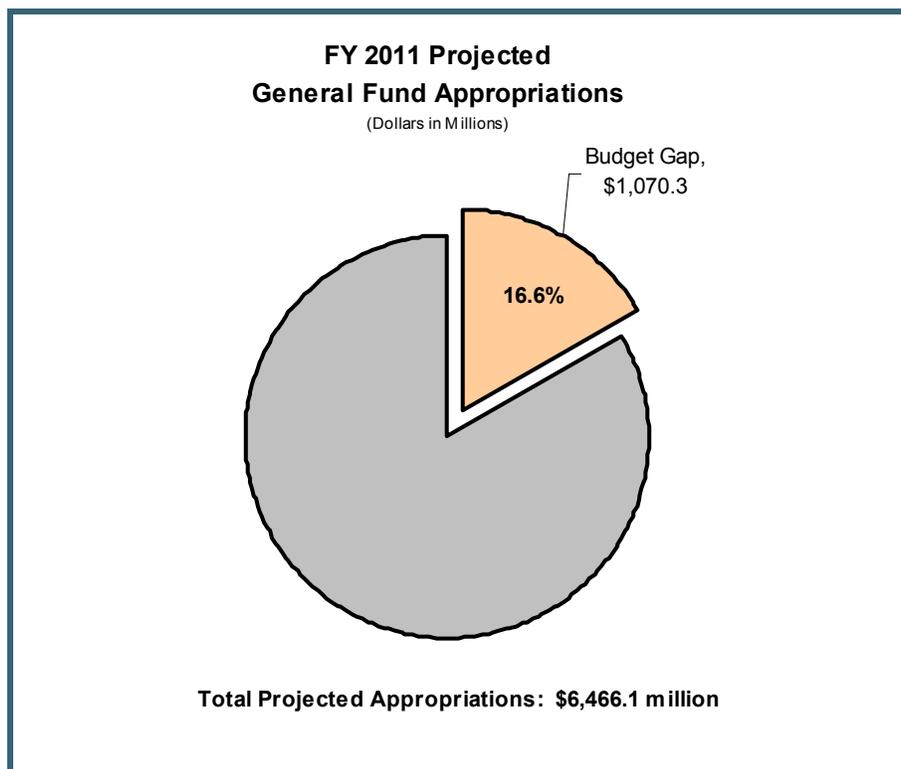
| | Actual FY 2009 | Estimated FY 2010 | Estimated FY 2011 |
|-------------------------|-------------------|----------------------|----------------------|
| <u>Fund Balance</u> | | | |
| Cash Reserve Fund | \$ 465.2 | \$ 319.9 | \$ 406.2 |
| Economic Emergency Fund | 53.8 | 99.1 | 135.4 |
| Total | 519.0 | 419.0 | 541.6 |
| <u>Statutory Goal</u> | | | |
| Cash Reserve Fund | 465.2 | 439.0 | 406.2 |
| Economic Emergency Fund | 155.1 | 146.3 | 135.4 |
| Total | 620.3 | 585.3 | 541.6 |
| Difference | \$ - 101.3 | \$ - 166.3 | \$ 0.0 |

FISCAL CONDITION OF STATES -- PROJECTED FY 2011 DATA

Data released in October 2009 by the National Conference of State Legislatures (NCSL) reports that 26 states are projecting budget gaps for FY 2011. The average anticipated gap is 13.0% of the budget with Nevada and New Jersey anticipating the largest gaps at 32.9% (\$1.3 billion) and 27.5% (\$8.0 billion), respectively. Iowa's projected gap of \$1.1 billion (19.6%) exceeds the current national average. However, it is still very early in the fiscal year, and a number of states have not yet calculated anticipated budget gaps. More current information will be released by NCSL in early December 2009 (www.ncsl.org).

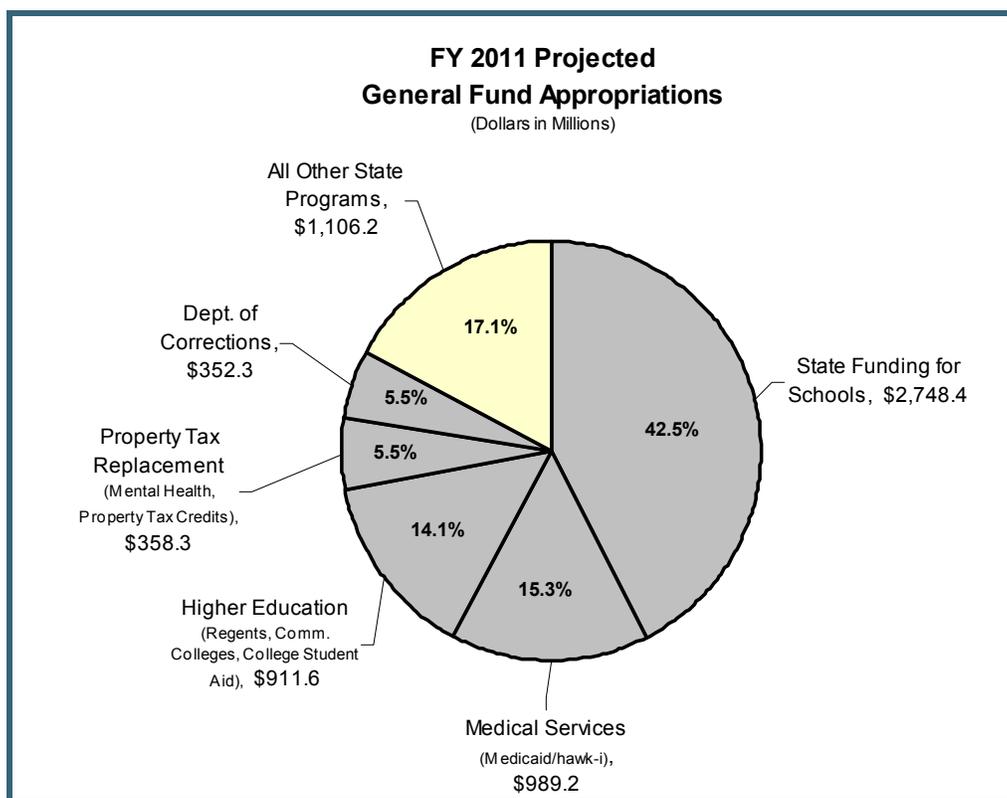
CONCLUSION

As previously mentioned, the FY 2011 estimate in this report is to be used by the General Assembly for budget planning purposes. As decisions are proposed for revenue and expenditure policy changes, the numbers can be updated to determine the impact on the estimated budget gap. The General Assembly will be facing a budget gap of \$1.070 billion for FY 2011. Without a revenue increase, the estimated FY 2011 appropriations will have to be reduced by 16.6% to meet the expenditure limitation.

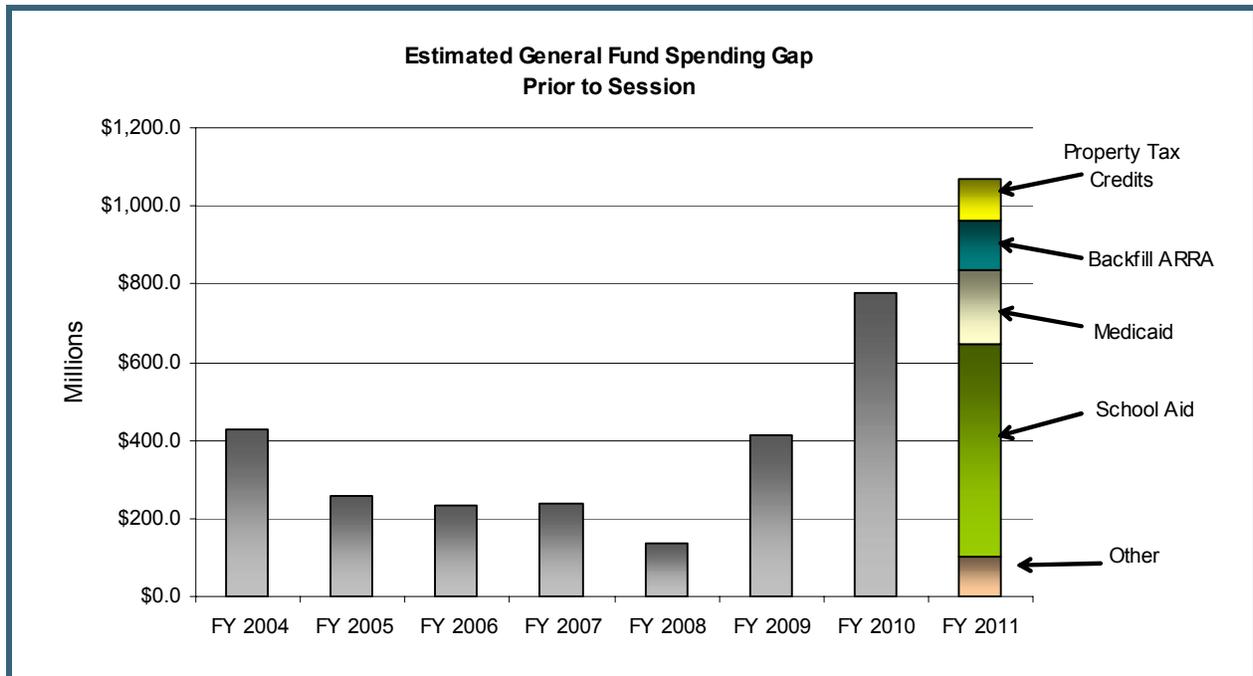


The majority of State General Fund appropriations are passed through to local governments through school aid and property tax replacement, as well as aid to individuals through Medicaid and the State Children’s Health Insurance Program (hawk-i). Other significant areas of the budget include the Department of Corrections and Higher Education (i.e., Regents institutions, Community Colleges, and College Student Aid).

These five areas of the budget comprise nearly 83.0% of the total General Fund appropriations. The budgets of all other State agencies and programs make up the remaining 17.0%. Budget reductions in excess of a billion dollars will require consideration of cuts to all areas of the budget.



Historically, the General Assembly has faced projected budget gaps prior to the start of legislative sessions. Each year the General Assembly has closed the budget gap and enacted a balanced budget. Over the last eight years, the projected budget gap has averaged \$444.7 million and ranged from a low of \$137.1 million for FY 2008 to \$1.070 billion for FY 2011. The following chart shows the budget gaps that have been projected by the LSA prior to each legislative session. For FY 2011, information is included to show the significant areas of expenditure that are contributing to the gap.



Over the years, the General Assembly has used a combination of actions to balance past General Fund budgets including: revenue increases (taxes and fees), selected spending reductions, shifting General Fund appropriations to other funding sources, and the transfer of revenue to the General Fund from the reserve funds or other non-General Fund sources. Balancing the FY 2011 budget will undoubtedly be challenging and the General Assembly will need to assess the impact of proposed budget reductions and revenue increases on government services and on the Iowa taxpayer.

STAFF CONTACT: David Reynolds (515-281-6934) david.reynolds@legis.state.ia.us

STATE OF IOWA
FY 2011 General Fund Built-in and Anticipated Expenditures
(Dollars in Millions)
November 2009

| Built-in Changes | General Fund | Replace ARRA Funds | Total |
|--|-------------------------|-----------------------------------|-------------------|
| 1. Education - K-12 School Foundation Aid | 340.2 | 202.5 | 542.7 |
| 2. Education - Instructional Support | 1.7 | 13.1 | 14.8 |
| 3. Education - Voluntary Preschool | 5.8 | | 5.8 |
| 4. Education - Nonpublic School Transportation | 2.2 | | 2.2 |
| 5. Education - Child Development - At-Risk | 2.3 | | 2.3 |
| 6. Human Services - Medical Assistance | 66.0 | 123.2 | 189.2 |
| 7. Human Services - State Children's Health Insurance - hawk-i | 8.0 | 4.0 | 12.0 |
| 8. Human Services - Covering All Children | 14.4 | | 14.4 |
| 9. Human Services - Mental Health Growth Factor | 13.5 | | 13.5 |
| 10. Human Services - MH Property Tax Replacement | 11.1 | 10.5 | 21.6 |
| 11. Human Services - Dental Home | 5.5 | | 5.5 |
| 12. Health Care Trust Fund | 11.8 | | 11.8 |
| 13. Revenue - Homestead Tax Credit | 78.7 | | 78.7 |
| 14. Revenue - Agricultural Land Tax Credit | 19.3 | | 19.3 |
| 15. Revenue - Elderly and Disabled Credit | 10.7 | | 10.7 |
| 16. Revenue - Military Service Tax Credit | 1.0 | | 1.0 |
| 17. Executive Council - Performance of Duty | 7.7 | | 7.7 |
| 18. Management - State Appeal Board Claims | 1.6 | | 1.6 |
| 19. Public Health - Substance Abuse | 2.0 | | 2.0 |
| 20. Economic Development - Grow Iowa Values Fund | 50.0 | | 50.0 |
| 21. Technology Reinvestment Fund | 17.5 | | 17.5 |
| 22. Office of Energy Independence - Iowa Power Fund | 3.4 | | 3.4 |
| 23. Economic Development - Community Attraction and Tourism | 7.0 | | 7.0 |
| 24. Cultural Affairs - County Endowment Grants | 0.1 | | 0.1 |
| 25. Economic Development - Tourism and Marketing | 0.3 | | 0.3 |
| 26. College Student Aid - Work Study | 2.8 | | 2.8 |
| 27. Economic Emergency Fund Transfer | -45.3 | | -45.3 |
| Total Built-in Changes | \$ 639.3 | \$ 353.3 | \$ 992.6 |
| Anticipated Expenditure Changes | | | |
| 28. Collective Bargaining | \$ 102.9 | | \$ 102.9 |
| 29. Regents Tuition Replacement | 24.3 | | 24.3 |
| 30. Human Services Reinvestment Fund Programs | 15.8 | | 15.8 |
| 31. Corrections - Opening New CBC Beds | 2.7 | | 2.7 |
| 32. State Public Defender | 14.2 | | 14.2 |
| 33. Judicial Branch - Jury Witness Fee Revolving Fund | 1.5 | | 1.5 |
| 34. Human Services - Civil Commitment Unit for Sex Offenders | 1.5 | | 1.5 |
| 35. Teacher Quality National Board Certification | -0.2 | | -0.2 |
| 36. Iowa Veterans Home | -0.5 | | -0.5 |
| 37. Regents Institutions - Replace ARRA Funds | | 80.3 | 80.3 |
| 38. Community Colleges - Replace ARRA Funds | | 25.6 | 25.6 |
| 39. Corrections Institutions - Replace ARRA Funds | | 14.0 | 14.0 |
| 40. Human Services - Field Oper./Child & Family - Replace ARRA Funds | | 3.6 | 3.6 |
| 41. Public Safety - Replace ARRA Funds | | 0.7 | 0.7 |
| 42. Inspections & Appeals - Replace ARRA Funds | | 0.4 | 0.4 |
| 43. Public Defense - Military Division - Replace ARRA Funds | | 0.2 | 0.2 |
| Subtotal | \$ 162.2 | \$ 124.8 | \$ 287.0 |
| Total Expenditure Increases | \$ 801.5 | \$ 478.1 | \$ 1,279.6 |
| FY 2011 Available ARRA Stimulus Funds¹ | | | |
| Education Stabilization | | | \$ 25.4 |
| Government Stabilization | | | 22.6 |
| FY 2011 Federal ARRA Stimulus Funds | | | \$ 48.0 |
| Expenditure Increases Less FY 2011 ARRA Funds | | | \$ 1,231.6 |

¹ \$93.0 million for FY 2011 Medicaid stimulus funds have been included in the Medicaid built-in estimate. This estimate assumes that Iowa will meet the Tier 2 FMAP unemployment criteria.